

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (the “Agreement”) is made and entered into as of the ____ day of December, 2007, by **FIRST STREET LODGING, LLC**, a South Carolina limited liability company (“Developer”), and **SUNTRUST BANK, a _____, SUNTRUST COMMUNITY DEVELOPMENT ENTERPRISES, LLC**, a _____ and **NDC NEW MARKETS INVESTMENTS, LLC**, a _____ (collectively, the “Lenders”), and **THE CITY OF GAINESVILLE, FLORIDA** (the “City”).

RECITALS:

A. Developer has agreed to purchase from City, and City has agreed to sell to Developer, upon the terms and provisions set forth in that Contract for Sale and Purchase by and between City and Developer dated _____ (the “Contract”), that certain real property described more fully in the Contract (the “Property”).

B. City has determined that the sale of the Property and the Redevelopment Project (as described in that certain Agreement for Development and Disposition of Property dated _____ (the “D&D Agreement”) by and between the Gainesville Community Redevelopment Agency (“GCRA”) and the Developer) is in the best interests of and furthers various public purposes of the City, all as set forth more fully in the Contract and the D&D Agreement.

C. Pursuant to the Contract, the City has agreed to convey the Property to Developer subject to the reservation to the City of a possibility of reverter of title to the Property back to City upon the occurrence of one or more of the conditions enumerated therein (the “Reverter”).

D. The terms of the Reverter are set forth in the special warranty deed of the Property from City to Developer (the “Deed”).

E. Lenders are providing herewith initial property acquisition and construction loans to Developer (collectively, the “Loans”) to facilitate Developer’s acquisition and development of the Property, which Loans are being secured herewith by Mortgages identified more fully in Section 3 upon the Property (collectively, the “Mortgages”).

F. Lenders are unwilling to provide the Loans to Developer so long as the Mortgages are subordinate to the Reverter.

G. In order to facilitate the Project, City is willing to subordinate the Reverter to the rights of Lenders pursuant to their Mortgages, subject to the termination provision set forth in Section 2.

H. Lenders, City and Developer desire to set forth hereinafter their agreements with respect to the relative priorities between the Mortgages and the Reverter.

AGREEMENTS:

Now, therefore, for and in consideration of the mutual terms and conditions set forth hereinafter, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Subordination of Reverter. Subject to Section 2 below, the Reverter set forth in the Deed is and shall henceforth be subject and subordinate in all respects to the liens of the Mortgages, and to any renewals, extensions, modifications, assignments, replacements, or consolidations thereof and the rights, privileges, and powers of Lenders thereunder. In the event that the liens of the Mortgages shall be foreclosed or the Property shall be deeded to the holder of any Mortgage in lieu of foreclosure thereof (in any such case, a "Foreclosure Event"), the Reverter shall remain subject and subordinate to all of the rights, title and interest of the successful purchaser of the Property at or from the Foreclosure Event (the "Foreclosure Title Holder"). In the event one of the Lenders is the Foreclosure Title Holder, then Lender shall have the right to convey the Property one time to a successor title holder to facilitate completion of the Project (the "Successor Title Holder.") In this foregoing event, the Reverter shall remain subject and subordinate to all of the rights, title and interest of the Successor Title Holder. Notwithstanding the terms and conditions contained in the Deed with respect to the Reverter, City shall not exercise nor be entitled to exercise the Reverter nor shall the City be entitled to record or record an Affidavit (as described in the Deed), so long as the Property shall then be subject to all or any of the Mortgages, as identified in Paragraph 3 below, or shall then be owned by the Foreclosure Title Holder or Successor Title Holder.

2. Termination of Subordination. This Subordination Agreement shall terminate and be deemed null and void in the event the Developer, Lenders, Foreclosure Title Holder, or Successor Title Holder fail to complete construction of the Project in accordance with the Approved Plans within thirty (30) months after the Completion Date as set forth in the D&D Agreement (and subsequent amendment(s).) The foregoing provision shall be self-operative. In the event of termination of this Subordination Agreement, the City shall be entitled to exercise the Reverter as set forth in the Deed.

3. The Mortgages. This Mortgages, as such term is used in this Agreement, shall mean and refer to the following instruments, which are executed for the exclusive purpose of providing loans necessary for the initial acquisition of the Property or construction of the Project:

a. Mortgage, Security Agreement and Fixture Financing Statement granted on or about the date hereof by the Developer to SunTrust Bank;

b. Mortgage, Security Agreement and Fixture Financing Statement granted on or about the date hereof by the Developer to SunTrust Community Development Enterprises, LLC;

c. Mortgage, Security Agreement and Fixture Financing Statement granted on or about the date hereof by the Developer to NDC New Markets Investments XLI, LLC.

4. General Provisions.

(a) No failure of any party to exercise any power given hereunder or to insist upon strict compliance with any obligation specified herein, and no custom or practice at variance with the terms hereof, shall constitute a waiver of either party's right to demand exact compliance with the terms hereof.

(b) No assignments, amendments, conditions, deletions, modifications or changes to or of this Agreement, or purported or alleged waiver of any provision hereof, shall be of any force or effect whatsoever unless reduced to writing and signed by all of the parties hereto.

(c) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.

(d) This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement.

(e) The headings and captions in this Agreement are included for convenience and reference only and in no way define, limit, extend or describe the scope of this Agreement, or the intent of any provision hereof.

(f) The parties do hereby covenant and agree to execute and deliver such other and further documents as may be legally necessary or otherwise appropriate to carry out the terms of this Agreement.

(g) This Agreement is executed in, is performable under and shall be governed by and construed in accordance with the laws of the State of Florida, to which jurisdiction the parties, by their execution hereof, hereby irrevocably consent.

(h) All notices required or permitted hereunder shall be given in writing and sent by (i) facsimile transmission, (ii) electronic mail, (iii) mailed postage prepaid by first class certified or registered mail, (iv) a nationally recognized express courier service, or (v) hand delivery, in each case to the representatives for the Parties as follows:

FIRST STREET LODGING, LLC, a South Carolina limited liability company

**SUNTRUST BANK, SUNTRUST COMMUNITY DEVELOPMENT
ENTERPRISES, LLC,**

NDC NEW MARKETS INVESTMENTS, LLC

THE CITY OF GAINESVILLE, FLORIDA

(i) This Agreement constitutes the entire agreement among the parties relating to the subject matter hereof and supersedes any previous agreements or other understandings, whether oral or written.

{Remainder of Page left intentionally blank}

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed by the Borrower as of the date first written above.

WITNESSES:

FIRST STREET LODGING, LLC, a South Carolina limited liability company

By: _____

Paul C. Aughtry, III

Its: Manager

Signed, Sealed and Delivered

In the Presence Of:

(Witness)

(Witness)

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of December, 2007, by Paul C. Aughtry, III, the duly authorized Manager of First Street Lodging, LLC, a South Carolina limited liability company. He is personally known to me or produced _____ as identification.

(Signature)

(Print Name)

Notary Public, State and County aforesaid

My commission expires: _____

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed by the Lender as of the date first written above.

WITNESSES:

SUNTRUST BANK

By: _____

Its: _____

Signed, Sealed and Delivered
In the Presence Of:

(Witness)

(Witness)

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of December, 2007, by _____, the duly authorized _____ of SunTrust Bank. He is personally known to me or produced _____ as identification.

(Signature)

(Print Name)

Notary Public, State and County aforesaid
My commission expires:_____

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed by the Lender as of the date first written above.

WITNESSES:

SUNTRUST COMMUNITY DEVELOPMENT ENTERPRISES, LLC

By: _____

Its: _____

Signed, Sealed and Delivered
In the Presence Of:

(Witness)

(Witness)

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of December, 2007, by _____, the duly authorized _____ of SunTrust Community Development Enterprises, LLC. He is personally known to me or produced _____ as identification.

(Signature)

(Print Name)

Notary Public, State and County aforesaid
My commission expires: _____

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed by the Lender as of the date first written above.

WITNESSES:

**NDC NEW MARKETS INVESTMENTS XLI,
LLC**

By: _____

Its: _____

Signed, Sealed and Delivered

In the Presence Of:

(Witness)

(Witness)

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of December, 2007, by _____, the duly authorized _____ of NDC New Markets Investments XLI, LLC. He is personally known to me or produced _____ as identification.

(Signature)

(Print Name)

Notary Public, State and County aforesaid
My commission expires: _____

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed by the Lender as of the date first written above.

WITNESSES:

CITY OF GAINESVILLE, FLORIDA

By: _____

Its: _____

Attest: _____

Its: _____

Signed, Sealed and Delivered
In the Presence Of:

(Witness)

(Witness)

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of December, 2007, by _____, the duly authorized _____ of City of Gainesville, Florida, and attested by _____, its duly authorized _____. They are personally known to me or produced _____ and _____ as identification.

(Signature)

(Print Name)

Notary Public, State and County aforesaid
My commission expires:_____